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December 7, 1999

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ex Parte

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: CC Docket No. 99-295: In the Matter of Application of Bell Atlantic Pursuant to Section 271 of the Telecommunications Act of 1996 to Provide In-Region, InterLATA Services in New York

Dear Ms. Salas,

This letter responds to staff's request for clarification concerning the changing nature of the resale market.

As shown in the Application and Reply Comments, resale was the early market entry method chosen by CLECs to serve residential and single line business customers. Beginning in the early spring of this year, however, CLECs began using more and more unbundled network element (UNE) platforms as a vehicle for providing mass market services to residential and single line business customers. See, e.g., Taylor Decl. ¶¶ 36, 40, 43, 50, 77-78 and n. 187, 91, 93; Lacouture/Troy Decl. ¶ 66; Lacouture/Troy Reply Decl. ¶ 34. As a result, resale has become a vehicle used by CLECs to provide complex, high-end business services like Centrex and ISDN. The complex, high-end business services now being ordered by resellers are not designed to flow through. (Services such as these also require significant manual handling for retail customers). As these orders become the majority of resale orders, therefore, the overall flow through percentage for resale is falling. This is a function of the changing order mix, not of worsening flow through performance on Bell Atlantic's part.

1. The explosive growth of UNE platform lines beginning in April and May, is demonstrated in Bell Atlantic's Application and Reply Comments. See, e.g., Lacouture/Troy Decl. ¶ 66; Lacouture/Troy Reply Decl. ¶ 34. See also Taylor Decl. ¶ 50. Attachment 1 to this letter illustrates recent resale trends. While resale lines in service have continued to grow, residential resale lines in service (which tend to be the simplest orders) actually declined by over 1,100 lines in September and by more than 1,700 lines in October.

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2. The number of business resale lines has grown steadily, and the number of Centrex resale lines has been increasing rapidly. While four percent of net resale line additions (total resale lines added less resale lines disconnected) in August were Centrex, 41% of net resale lines added in September were Centrex, and in October the proportion jumped to 56%. Business ISDN lines served through resale have also increased recently. See Attachment 1.

3. Bell Atlantic has implemented flow through for all the resale order types that it committed to in its Pre-Filing Statement, which reflected input from the PSC, DOJ and the CLECs. Bell Atlantic's ability to flow through the order types it committed to was verified by KPMG. Miller/Jordan/Zanfini Reply Decl. ¶ 28; KPMG Report at POP7 IV 154-155 (Table IV-7.3). In addition, Bell Atlantic has provided flow through capability for additional resale order types beyond those included in the Pre-Filing Statement. Miller/Jordan/Zanfini Reply Decl. ¶ 29. Finally, the "% Achieved Flow Through" for resale (that is, the percent of the resale orders that are designed to flow through that actually do flow through) is very high – 80% for September and 76% for October even counting the CLEC errors that Bell Atlantic fixed through manual processing instead of rejecting. See Dowell/Canny Reply Decl. Attachment C. In addition, Bell Atlantic's flow through enhancements planned for December will include a number of changes that are expected to increase the flow through of resale orders.

4. As is to be expected, order preparation for the high-end business services that now comprise a majority of new resale lines each month is more complicated and time-consuming (for both retail and resale) than order preparation for simpler residential and single line business services was. As a result, return of confirmations and reject notices has been slightly longer in October than in September. (For example, it took an average of 16 hours in October compared to 13 hours in September to return confirmations for POTS orders, which include both Centrex and PBX, of less than 10 lines.) To handle the increase in complex orders, Bell Atlantic is modifying its staffing to meet the new work requirements. As KPMG confirmed, POP13 IV 307-314, this is something Bell Atlantic is able to do and will continue to do as required.

As outlined in the Public Notice (DA-99-2014) issued by the FCC on September 29, 1999, the 20-page ex parte limit does not apply to this ex parte since Bell Atlantic is responding to direct questions raised by Commission staff.

Sincerely,

A handwritten signature in black ink, appearing to read "Sue May".

cc: A. Kearney
E. Einhorn
J. Mikes

New York Resale**LINES IN SERVICE – END OF MONTH**

	August 1999	September 1999	October 1999
Residential	63,631	62,493	60,785
Business POTS	223,638	225,744	228,274
Business Centrex	25,646	26,337	27,425
Business ISDN*	1,900	1,978	2,058
Business (Total)**	253,882	256,704	260,352
TOTAL Resale	317,513	319,197	321,137

LINES ADDED OR DISCONNECTED DURING MONTH

	August 1999	September 1999	October 1999
Residential	84	-1,138	-1,708
Business POTS	2,692	2,106	2,530
Business Centrex	124	691	1,088
Business ISDN*	119	78	80
Business (Total)**	3,097	2,822	3,648
TOTAL Resale	3,181	1,684	1,940

PERCENT OF NET LINES ADDED

	August 1999	September 1999	October 1999
Residential	3%	-68%	-88%
Business POTS	85%	125%	130%
Business Centrex	4%	41%	56%
Business ISDN*	4%	4%	4%
Business (Total)**	97%	168%	188%
TOTAL Resale	100%	100%	100%

* Includes Basic rate (BRI) and Primary rate (PRI)

** Includes services in addition to POTS, Centrex, and ISDN